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Environment

# SPEED PROJECT ANNUAL REPORT #2

OCTOBER 2011 – SEPTEMBER 2012

**OCTOBER 2012**

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# SPEED Project Annual Report #2

## October 2011 – September 2012

### EXECUTIVE SUMMARY

SPEED is a USAID-funded project to improve the business environment through better trade and investment policies. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for jobs and income growth.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance that builds the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique. SPEED also operates a grants fund to complement the training and technical assistance activities with associations and Government.

The SPEED approach is demand-driven and flexible, placing a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

SPEED just completed its second year of operations out of a four year program. In this year, SPEED made significant progress on 26 reforms ranging from macroeconomic policy to sectoral competitiveness in agriculture and tourism to public-private partnership regulations. Progress on these reforms is explained throughout the document and Annex 3 contains a summary.

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this year, results, and next steps for each of the main activities where SPEED made substantial progress. The report also outlines key management issues, summarizes capacity-building activities, and lists publications produced over the course of the year.

**Business environment, trade and investment.** The bulk of SPEED's efforts go toward working with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED's work on Mozambique's **exchange rate** has helped stakeholders to better understand the implications of the impending resource boom and resulting overvaluation on the country's competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's *Doing Business* report. For example, concrete recommendations and reforms at the municipal level in Maputo promise to save businesses more than 200 days to obtain their construction permits, with an estimated total savings to the private sector of around \$4.5 million and generate extra investment of around \$25 million annually.

SPEED also works to strengthen the key **institutions** required for a strong business environment. Examples include work with the Treasury and the Ministry of Finance to improve their budget reporting and planning capacity, and support to the INCM to improve their ability to set and monitor quality of service standards. In addition, SPEED has invested strongly in building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes both the Executive Director and Senior Advisor to CTA, and implements many projects jointly.

**Agriculture.** With  $\frac{3}{4}$  of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED's activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture's **Senior Economic Advisor** to the Minister, whose primary responsibility is to develop the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique's profile, together with the Minister of Agriculture, in such important initiatives as the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports **targeted activities** that have been specifically identified by the private sector, such as the work on the impact of various taxes on the sector.

**Tourism and biodiversity.** SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. Examples of legal and regulatory work include an examination of competition in aviation (Open Skies initiative) and a review of the standard-setting law for tourism facilities. In addition to these policy-related activities, SPEED actively promotes innovative **public-private partnerships** to address key constraints to tourism development. The Arco Norte Tourism Development Corporation project presents an example.

**Democracy and Governance.** SPEED's work on democracy and governance this year has focused on improving transparency around such issues as the impending resource boom, increasing the voice of the private sector in policy, and improving corporate ethics. Specifically, this year SPEED has raised the quality and level of dialogue around the country's **resource boom**, an agenda item that will continue to grow in importance from the democracy and governance perspective. Other key areas of work include the development of a legal framework that would formalize public participation in the policy process and support to the Mozambique Institute of Directors (IOD) to develop a corporate code of ethics. Finally, **transparency** is an important area of focus, for instance via work with such organizations as EITI and the IOD.

**Capacity building.** SPEED supported more than 30 **capacity-building events** in support of its technical programs, with a total of around 1,700 participants, including around 326 women (see Annex 1).

**Management and administration.** This year witnessed a shift in **SPEED management**, with Brigit Helms taking the COP reins from Scott Simons, who retired in April. Other highlights included support for USAID's **CDCS** assessments for land and extractive industries, a full team (USAID/SPEED) **strategy retreat** to take stock and determine priorities moving forward; the launching of work under the **IPEME grant**; and the **SPEED website** redesign.

# BACKGROUND

SPEED is a USAID-funded project to improve the business environment through better trade and investment policies. SPEED works to improve the business environment by supporting and expanding ongoing efforts to strengthen Mozambique's economic, legal, and governance systems. SPEED's goal is to have more companies doing more business, resulting in increased trade and investment and a stronger competitive position for Mozambican firms, thus creating local opportunities for job and income growth. SPEED's [website](#) contains further information and reports published by the project.

The project focuses on reforming trade and investment policies and also emphasizes the policy implementation process, including monitoring implementation of reforms. The SPEED team delivers training and technical assistance that builds the capacity of business associations and corresponding government institutions and catalyzes trade and investment in Mozambique. SPEED also operates a grant fund to complement the training and technical assistance activities with associations and Government.

The SPEED approach is demand-driven and flexible, placing a high premium on the use of Mozambican expertise to achieve sustainable results. DAI and Nathan Associates implement the project with the assistance of local contractor SAL & Caldeira.

SPEED just completed its second year of operations out of a four year program. In this year, SPEED made significant progress on 26 reforms ranging from macroeconomic policy to sectoral competitiveness in agriculture and tourism to public-private partnership regulations. Progress on these reforms is explained throughout the document and Annex 3 contains a summary.

SPEED is a four year \$19.4 million project which started in September 2010. Funding obligations for the project totaled \$ 6,146,506 as of September 2012, of which \$3,246,506 was obligated in fiscal year 2012.

## *This Document*

The activities described in this report are divided into four thematic sections: business environment, trade, and investment; tourism and biodiversity; agriculture; and democracy and governance. The report contains information on the context, activities undertaken this year, results, and next steps for each of the main activities where SPEED made substantial progress. In addition, those activities that address policy, regulatory or administrative procedure reforms as defined in the project PMP make specific reference to the PMP stage of reform for ease of cross-referencing between this Annual Report and the PMP report (see Annex 3). Finally, the report also summarizes capacity-building activities (see Annex 1), outlines key management, finance, and administrative issues, and lists publications produced over the course of the year (see Annex 2).



# TECHNICAL ACTIVITIES

## *Business Environment, Trade and Investment*

The bulk of SPEED's efforts go toward working with the private sector and Government to improve the business environment via a wide range of partnerships and activities at both the **macro** and the **micro** level. At the macro level, SPEED's work on Mozambique's **exchange rate** has helped stakeholders to better understand the implications of the impending resource boom and resulting overvaluation on the country's competitiveness and economic growth. At the other end of the spectrum, SPEED works at the more tactical level to support the Government of Mozambique's (GOM's) efforts to improve the country's ranking in the IFC/ World Bank's ***Doing Business*** report. For example, concrete recommendations and reforms at the municipal level in Maputo promise to save businesses more than 200 days to obtain their construction permits, with an estimated total savings to the private sector of around \$4.5 million and generate extra investment of around \$25 million annually.

SPEED also works to strengthen the key **institutions** required for a strong business environment. Examples include work with the Treasury and the Ministry of Finance to improve their budget reporting and planning capacity, and support to the INCM to improve their ability to set and monitor quality of service standards. In addition, SPEED has invested strongly in building the capacity of **CTA**, the Confederation of Business Associations, which is the main private sector interlocutor with Government on business environment issues. SPEED contributes both the Executive Director and Senior Advisor to CTA, and implements many projects jointly.

**Current year results based on previous work.** A number of initiatives worked on by SPEED in its first year have borne fruit this year. This box describes some of the progress made on those initiatives.

***Foreign exchange regulation.***

In 2010-2011, SPEED helped proposed a compromise requirement that required mandatory conversion of only 50% of foreign exchange earnings (as opposed to the proposed 100%). Qualitatively, the impact of this work has been twofold: 1) exporting companies were able to keep 50% of export earnings in their bank accounts, enabling them to pay for imports and debt service without being affected by currency risk and fluctuation; and 2) increased US dollars were brought into the banking sector which improved (i) international reserves with the central bank, (ii) supply of forex in the system, (iii) contribution to exchange rate appreciation and reduced pressure on domestic prices, however, it also may have (iv) had a negative impact on tradables. Further, it is likely that banks are generating higher profits as their main activities involve foreign exchange transactions.

***Anti-corruption legislation.***

In 2011, SPEED supported an [analysis of the anti-corruption package](#) under consideration by the Mozambican legislature. Three out of five elements of the package have been passed by parliament, including the Ethics Code, which is now renamed the Lei da Probidade Public. This law, which was passed in May 2012 contains important conflict of interest and declaration of assets provisions that are important for fighting corruption. Donor efforts have now focused on building the government's capacity to implement the law (current SPEED-funded work supporting a short term consultant to help the Attorney General's Office to develop their strategic and operational plan is an example).

***Visa fees.***

SPEED helped reduce tourist visa fees from around \$100 to around \$75 in December 2010. This reduction enabled each tourist to maintain \$25 more in their pockets to be spent during their stay in Mozambique. According to the Ministry of Tourism, roughly 825,350 million tourists subject to visas entered the country since then (January 2011 – September 2012), for a total potential economic impact of up to \$20.6 million.

***Tourism levy.***

SPEED worked with the tourism federation (FEMOTUR) to propose a [levy](#) that could be managed by and for the tourism sector to build capacity in the sector (as opposed to a tax that would go straight to the general pot of government coffers). Since submitting the position paper to the Tourism Ministry in July 2011, several public-private working group meetings have been held, and a key legal issue has been clarified, e.g., that it is in fact legal to have a levy of this type as opposed to a straight tax. Next steps will be to propose specific regulations to activate the levy.

***Safety nets.***

Although the budget numbers are difficult to obtain, anecdotal evidence suggests that the government is spending more on safety nets than previously, which is partially a result of the [advocacy work](#) done by SPEED in 2011.

## Challenges to economic growth in Mozambique

**Context.** Mozambique continues to grow rapidly. This accelerated growth is not however being reflected in reduction of poverty, which has stagnated at 55 percent since 2007-08. In this context, SPEED researched the main challenges facing the economy in the near future and made recommendations to address such challenges.

**This Year.** [A Note](#) was prepared. The Note shows that stagnant agriculture productivity, cumbersome business environment, creation of jobs and an appreciating real exchange are the main challenges facing the economy. The economically-active population is growing annually by more than 350,000 new entrants while new jobs in the formal sector are being created only at a rate of much less than 50,000 per year. Consequently, most of these job seekers remain in the informal sector. The Note emphasizes that at this speed some 1.5 million new comers will join the labor market between 2010 and 2015 while no more than some 250,000 new jobs may be created in the formal sector during this period – an insignificant proportion that poses high pressure on the need for reforms.

The real appreciation of the exchange rate is also identified as a critical challenge (for more on this, see “[resource boom](#)” section below). The exchange rate has been appreciating in real terms since 1995 and the Note explores its impacts on the economy. As a recommendation, it proposes the creation of a sovereign wealth fund to avoid further appreciation of the Metical and its negative impact on reducing domestic competitiveness and production of tradables, as well as an investment management tool for the resources collected from the non-renewables.

The Note was presented in November 2011 at a business-breakfast promoted by the Institute of Directors of Mozambique (IoD), in which some 20 CEOs and CFOs from major corporations participated. The Note was discussed again at an event sponsored by the Mozambique Association of Economists (AMECON) in which about 70 people, mostly economists, participated. These 2 events had evoked lively debate, with a large number of participants making questions and comments. The note has been well received and continues to generate substantial interest.

**Results.** The findings of this Note as well as of the [sovereign wealth fund Note](#) (prepared by SPEED and detailed below) provided crucial inputs to help concentrate economic thinking in Mozambique on the extractive industries boom and impacts. It also led to a broad acceptance of the concept of sovereign funds to manage the huge coming revenues and exchange rate appreciation. Until the release of this Note, sovereign wealth funds were not a topic of discussion in Mozambique.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
12	Exchange rate policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q1
13	Sovereign wealth fund policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q2

**Next steps.** As a follow up to this Note, combined with additional resource boom documents detailed below, SPEED has developed a strategy for approaching the key competitiveness issues raised by the Note.

## Support to Ministry of Finance

**Context.** Improving the quality of budget implementation is crucial for enhanced budget management and efficiency. Producing updated and timely assessments of budget execution enables the government to identify and take corrective measures when needed. SPEED support to the Ministry of Finance (MoF) concentrated on enabling the ministry to produce quarterly budget reports on time with analytical assessments alerting for emerging issues and making policy recommendations.

SPEED initially assisted the Ministry and the Treasury to produce aggregate comprehensive quarterly reports. These reports have been produced on a regular basis since April 2011. The MoF's individual departments (budget, accounting, information systems, procurement, etc.) often have skilled staff who possess in-depth knowledge about their own departments' activities and procedures. The public financial management information system is good and produces most of the data needed for the Ministry's quarterly reports. These reports are compiled by individual departments, but no consolidated overall budget exists – a gap SPEED has been asked to help fill. There is also a need for monthly reporting so that the government can monitor inflows and outflows more rigorously. Enhanced reporting will also help the Treasury formulate more accurate and responsive budgets over the long term.

**This year.** Two major outputs were achieved this year. The first was to assist the preparation of the 2011 annual budget report and the first quarter 2012 budget report. The second output was two-fold. First, the GOM asked SPEED to train a group of staff based in Treasury, including staff from Treasury and officials from budget accounting, public debt, and budget. This team would take charge of preparing regular budget reporting, monitoring and analysis (findings and recommendations on problematic areas of budget execution). With the training completed, the Ministry of Finance would initiate monthly budget reports preparation. This major shift would vastly improve reporting and planning for both the MoF and the Treasury. However, the team still needs to be formed for activity to move forward.

**Results.** SPEED assisted in preparing a consolidated 2011 annual budget report and a 1st quarter 2012 budget report. The MoF will also initiate monthly budget reporting and establish it as a working-routine.

**Next steps.** As the Team in Finance has not been set in the last six months, SPEED is not planning to move ahead and considers this activity concluded.

## Performance Assessment Framework (PAF)

**Context.** The [Performance Assessment Framework \(PAF\)](#) is a tool used by the Programmatic Aid Partners (PAPs) to monitor Government's performance in a specific year. One area of monitoring relates to tracking indicators on employment promotion within the SME promotion section of the broader PAF matrix.

**This year.** SPEED provided technical assistance to the Private Sector Working Group (PSWG) with inputs for results indicators focused on improving the business environment for SMEs and thus boosting employment generation in the sector. In addition, implementation of key policy reforms with direct impact on SME promotion would also contribute to improving the country's position in the Doing Business report ranking. At the technical level, the exercise was chaired by Ministry of Labor, and had the participation of MIC, CTA, World Bank, IFC, USAID and SPEED.

**Results.** The Government and the PAPs agreed to maintain focus on the business environment within the framework of the employment promotion subsection within the SME Promotion section.

**Next steps.** None.

## **Business Environment Annual Strategy – PAMAN**

**Context.** Over the last decade, Mozambique has made some improvements to the business environment resulting from legislative and administrative changes that streamlined business-related legislation and processes. Nevertheless, the overall pace and depth of reform are still slow. Mozambique's business environment remains restrictive for private sector enterprises. In the SADC region, the country remains as one of the four worst ranked countries.

**This year/results.** SPEED, in collaboration with the Ministry of Industry and Commerce (MIC), Confederation of Business Associations (CTA) and International Finance Corporation (IFC), drafted the Business Environment Action Plan (PAMAN) in December 2011. It comprises a list of the key policy reforms to be implemented in 2012 by the GOM. The plan was submitted to and approved by the Council of Ministers in February 2012.

Implementation of the plan began in March/April 2012. SPEED agreed to support the implementation of five policy reforms with direct impact on the DB ranking: obtaining construction permits, paying taxes, trading across borders and resolving insolvency (see relevant sections for details). Comprehensive work toward streamlining the process of getting construction permits has been ongoing. SPEED is also currently conducting a study aiming at simplifying procedures and reducing the number and time of tax payments in Mozambique. Under the PTF program, SPEED is addressing trading across borders related issues such as improving customer efficiency. All work on resolving insolvency has been put on hold waiting for approval of the legal package submitted to the parliament.

At the same time, SPEED conducted a study aimed at reviewing: (i) the description of the procedures reported by the 2012 DB report, (ii) the time, cost, and documents requested to complete a procedure, (iii) the data behind the indexes; (iv) the legal framework (see "Doing Business data validation" section).



PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
11	Business environment annual strategy (PAMAN)	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q1
			3. Presented for legislation	Q2
			4. Passed	Q2
			5. Implementation begun	Q3

**Next steps.** Follow up the implementation of PAMAN activities with direct impact on business environment; assess the country's position in the [DB 2013](#); provide technical assistance to drafting EMAN II (the next generation government plan to improve the business environment). Specifically, implement the projects on paying taxes, and trading across borders and follow up the debate on the insolvency law and support its implementation once approved.

## Doing Business data validation

**Context.** Very often Government representatives raise concerns about Doing Business (DB) data, pointing to some discrepancies between these data and reality on the ground. Senior government officials raised these concerns again during the retreat funded by SPEED in December 2011, aimed at drafting the government's business environment action plan. The Ministry of Industry and Commerce, on behalf of the inter-ministerial group for the removal of investment barriers (GIRBI) requested that SPEED conduct a survey to assess the validity of these concerns.

**This year.** SPEED carried out an independent survey focusing on five out of the ten DB indicators. SPEED's independent consultant studied the following time and motion indicators: starting a business, getting electricity, international trade and paying taxes. In addition, the study included Mozambique's worst-ranking legal indicator: getting credit. The country's ranking and the potential for changes were the criteria used for selecting the indicators. The survey examined the description of the procedures reported by the 2012 DB report; time, cost, and documents requested to complete a procedure; the data behind the indexes; and the legal framework.

The study confirmed the government's concerns about the DB data on three indicators (getting credit, getting electricity and paying taxes). These findings were submitted by MIC to IFC Washington.

**Results.** The findings were partially taken into consideration in this year's report. IFC only considered findings that were fully supported by legislation. The ones that have to be supported by statistics will be subject to a review by the IFC team over the next months.

**Next steps.** Make sure that the outstanding recommendations will be taken into account by the DB team; conduct a similar study on a sample of 5 indicators, after the 2013 DB report is released.

## Streamlining the construction license process in Maputo

**Context.** The process for issuing construction permits has been identified by the private sector as an important obstacle impeding the easing of doing of business in Mozambique. [According to the Doing Business report](#), it currently takes the average business person 380 days to obtain a construction permit. Currently, Mozambique ranks 126<sup>th</sup> in obtaining a construction permit among

183 economies. There is evidence that relatively simple improvements in streamlining construction permits processes could improve the country's ranking to the 72<sup>nd</sup> position.

**This year.** SPEED began working with the Municipality of Maputo (CMM) on simplifying the process of obtaining construction permits in October, 2011. This earlier work identified a series of recommendations divided into two categories: short-term (low-hanging fruit) and long-term. The report and recommendations were presented to Maputo Mayor David Simango, officials at the Ministry of Public Works and many other participants, and then subsequently revised and approved by the Mayor.

In the second phase of the project, SPEED supported the CMM to implement the reforms recommended in the earlier report. First, building on the short-term recommendations, a set of detailed proposals for how to re-design the process for obtaining a construction permit were discussed with and approved by the Municipal Assembly. Following this approval, SPEED helped CMM staff to develop technical [justification documents](#) (*justificativa tecnica*) that form basis for actual implementation, which has now begun. In tandem with the administrative procedures outlined in the *justificativa tecnica* documents, SPEED is supporting a review of relevant ordinances and decrees to ensure consistency between proposed changes and the legal framework. SPEED also organized two conferences with fifteen representatives of the private sector on the simplified permit procedures, as well as a presentation to the donor community at the Private Sector Working Group.

SPEED, in conjunction with the CMM, has also created a private sector group of business people in the building, construction, and housing sectors to guide the Municipality on how to implement its long-term recommendations. SPEED supports the group by helping to facilitate meetings and providing them with key information required to fully understand the reform agenda.

**Results.** Several administrative procedures were submitted for approval and have begun implementation. These improved procedures are expected to shave 128 days off of the time it takes to obtain a construction permit. SPEED estimates show that a total cost savings to the private sector could equal around \$4.5million and increase investment by \$25 million annually (see table below). These reforms would also create around 6,600 jobs per year. Already in FY 2012, SPEED-recommended reforms have saved an estimated \$1.1 million for the private sector and created around 1,800 construction jobs. Even more time and cost savings can be expected with further automation of processes.

Description	Value	
	FY 2012 Q4	FY2013
Cost savings for private sector	\$ 1,133,320.64	\$ 4,533,282.56
Private investment	-	\$ 25,280,000.00
Taxes	\$ 533,327.36	\$ 2,133,09.44
Jobs	1,817	6,636

The formation of the private sector group is a real milestone in the project. This group is highly motivated and self-sustaining. They appreciate the opportunity to participate in the policy process and one of the leaders told SPEED: “This is the first time we have been asked to the table, and we had better jump on it! We cannot just sit around and complain; this is our opportunity to help make change happen.”

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
10	Construction licenses procedures	Admin Procedures	2. Presented for consultation	Q1
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q4

**Next steps.** Now that the short-term actions are approved and under implementation, SPEED will provide IT support and equipment required to push the reforms to the next level. In addition, SPEED will help draft legislation for long-term reforms that will be presented to the municipal assembly over the next quarter. Finally, SPEED will support the Municipality to assess the true impact of the reforms made so far, as well as provide a baseline for measuring future impact.

## Diagnosis of construction license process in Quelimane

**Context.** Following on SPEED’s success with the Municipality of Maputo, the Municipality of Quelimane requested that SPEED conduct a preliminary assessment of its construction permits process. The Quelimane mayor wants to improve the delivery of this service to the local community and its entrepreneurial base.

**This year.** SPEED conducted a review of the Quelimane municipality’s construction permit process. SPEED began by financing a workshop for twenty-five municipal staff and private sector representatives in Quelimane to disseminate the proposed Maputo reforms, as well as discuss the relevance of the recommendations for all municipalities. At the end of a 10 day analysis, SPEED presented a preliminary report to the mayor of Quelimane regarding the reforms and recommendations.

**Results.** The mayor has expressed his interest and intent to implement proposed changes over the next several months.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
28	Construction permits procedures in Quelimane	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4

**Next steps.** The project is awaiting feedback from the Quelimane Mayor and will consider opportunities to implement the recommended reforms.

## Credit bureau regulation review



**Context.** Getting credit was one of the indicators that showed no progress in the [Doing Business 2012 report](#). According to this report, two types of frameworks can facilitate access to credit and improve its allocation: credit information systems and the legal rights of borrowers and lenders in collateral and bankruptcy laws. Credit information systems enable lenders to view a potential borrower's financial history (positive or negative), which is valuable information to consider when assessing risk. This information also allows borrowers to establish a good credit history that will allow easier access to credit over time. Credit information systems usually imply the establishment of one or more Private Credit Bureau of Reference which does not exist in Mozambique.

To overcome this situation and improve access to credit in Mozambique, the Central Bank proposed a regulatory framework for the establishment of private credit bureaus in the country. CTA (the Confederation of Business Associations in Mozambique) as the main private sector representative in Mozambique was asked to comment on the proposed regulatory framework on behalf of the business community.

**This year.** SPEED assisted CTA to assess the regulatory framework to ensure that the Central Bank's proposal met global best practice standards. The SPEED consultant was impressed with the quality of the proposal and offered comments and key recommendations that were used by the CTA's Financial System Committee to write the private sector position on the proposed regulation.

**Results.** None yet. But if the law is passed by the parliament this year and incorporates CTA's recommendations, Mozambique will have a law that meets world standards and will help reduce credit risk and hopefully create the conditions for the reduction of the high interest rates charged in Mozambique.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
34	Credit bureau regulation	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4

**Next Steps:** Approve the law at the level of Council of Ministers and the Parliament, followed by implementation. It is not likely that SPEED will be much involved going forward.

## Making it easier to pay taxes

**Context.** Paying taxes was one of the indicators showing no progress in the *Doing Business 2012* report; in fact, the country experienced no progress over the previous three years. According to this report, on average firms make 37 tax payments per year, spend 230 hours a year filling, preparing and paying taxes and pay a total tax rate as a percent of profit of 34.3%. While taxes are essential to fund public services and infrastructure (among other expenses), if it is difficult and costly to pay taxes, a great share of economic activity ends up in the informal sector which pays no taxes at all. This could be the case in Mozambique.

At the same time, CTA identified simplifying and reducing the number of tax payments as one of its priorities in its Policy Matrix for 2012. SPEED commissioned a study to analyze the time and

cost for companies to comply with tax obligations, identify tax payments that can be combined to reduce the number of payments over the course of a year, and evaluate possible impacts of such streamlining. Key recommendations to make it easier to pay taxes are expected from this study.

**This year:** CTA and SPEED prepared the SOW for the study and identified the consultant to begin the work. The study is in progress and is expected to finish in November 2012.

**Results.** None yet.

## Updating legal framework on tax guides

**Context.** The process for paying taxes in Mozambique is complex. The more transparent the existing procedures for the various taxes (IRPS, IRPC, VAT and others), the better for the business environment. Some years ago ACIS, the Commercial and Industrial Association, prepared a series of tax guides to assist their member companies navigate their way through Mozambique's complex and often confusing tax systems. Members found the guides extremely useful, but the guides needed updating due to all the changes in tax regulations since those guides were produced.

**This year.** The SPEED project worked with Deloitte and Touche to update the guides and obtain the approval for the guides from the Ministry of Finance. Four [tax guides](#) were prepared: Legal Framework for Tax – General Overview, Legal Framework for Tax – VAT, Legal Framework for Tax – Income Tax, and Legal Framework for Tax – Other Taxes & Levies. The guides were publicized on the ACIS website.

**Results.** All national and international investors in Mozambique can now obtain clear guidance on the tax regime in Mozambique, thus improving the business environment.

**Next steps.** None.

## Public-private partnership regulations

**Context:** The Mozambican parliament approved in 2011 a law (Lei 15/2011 de 10 de Agosto) that sets up the legal framework for contracting, implementing and monitoring Private Public Partnership, Megaprojects and Concessions. This was an attempt to harmonize the highly fragmented, and sometime, conflicting legislation on this matter. Due to the relevance of this piece of legislation for attracting private investment to the country, SPEED assisted the Ministry of Finance providing inputs based on international best practices. The law was then passed and published in August 10<sup>th</sup>.

In order to ensure its effectiveness and comply with its article 40, the Government drafted in 2012 a regulation on the law proposing the implementation mechanisms of the new law. The draft regulation was submitted for consultation to private sector, among other stakeholders.

**This year:** As a follow up of the work conducted over the drafting of the law, SPEED prepared a note highlighting the overall issues that should be addressed by the regulation. Later, SPEED was invited by CTA to assist in making the regulation more private sector friendly. Thus, through its

subcontractor SAL & Caldeira, SPEED drafted the private sector counter proposal and represented private sector in the discussion fora with the Government. The final draft regulation reflecting joint positions was approved in June 2012.

**Results:** New private sector friendly legal and regulatory framework set up.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
19	Public private partnership regulations	Regulation	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q4

**Next Steps:** Proceed with the dialogue with the Ministry of Finance in order to ensure that the outstanding issues will be incorporated in the draft regulation.

## Quality of service for mobile operators

**Context.** Mozambique suffers from uneven and often poor quality service among mobile operators. The failure of voice calls and SMS inter-networking and intra-networks create inconvenience to business users and more acute difficulties in places with low population density. The National Telecommunication Institute of Mozambique (INCM) is responsible for regulating, supervising, and representing the communications sector. The INCM contacted SPEED to help them improve the business environment and encourage innovation (for instance, mobile money), as well as create jobs and incomes for business users.

**This year.** SPEED and INCM jointly contracted a study to validate and test existing quality of service standards and determine the best methodology to monitor adherence to those quality standards. The study will be based on a review of decree n.6/2006, which deals with Quality of Services as it applies to the Telecom and Information and Communications Significant progress was made on the study, and several joint meetings were held with the consultant and INCM leadership to discuss progress.

**Results.** None yet. This work is expected to greatly enhance the quality of service throughout the country, thus increasing user confidence in the cellular network and spurring access to key value added services like mobile money and mobile education/health.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
33	Mobile operators administrative procedures	Admin Procedures	1. Analyzed	Q4

**Next Steps.** The consultant will complete his work in October 2012, and then INCM will contract a service provider to test the methodology before rolling it out to the mobile operators.



## Partnership for Trade Facilitation

**Context:** Following the recommendations from WTO, WCO and others, Mozambique has carried out a number of customs reforms for facilitating trade. Despite these efforts, reports such as the [\*Doing Business\*](#) report from World Bank still find procedural difficulties, time delays and high costs in the processes for importing and exporting goods to and from Mozambique. In this regard, in order to reinforce ongoing reform efforts in Mozambique and in line with USAID's Partnership for Trade Facilitation Program, the Mozambique Revenue Authority proposes technical assistance in three areas, namely: Internet Publication, Pre-arrival processing and Pre-shipment inspection.

**This year:** SPEED worked with Mozambique's Customs Service to develop a proposal for funding from USAID's Partnership for Trade Facilitation. The proposal focuses on three areas: internet publication of customs regulations and documents; pre-arrival processing of import documentation; and pre-shipment inspections for exports. High-level activities, indicators and budgets were developed for each area in the proposal.

The \$ 500,000 in PTF funds were made available and SPEED worked with Tax Authority and CTA colleagues to begin fleshing out more detailed terms of reference for the three sub-projects under the PTF program. Key start up activities for the implementation of the internet publication component have begun, including setting up a joint working group of key stakeholders (BM, INE, MIC, IPEX, CTA and CPI), conducting an opinion survey and beginning data collection.

**Results.** None yet.

**Next steps:** Finalize and get a feedback from the TA of the scopes of work and then enter into the implementation phase.

## Nacala terminal recommendations

**Context:** In February 2010, the Government of Mozambique approved the creation of a new Port Terminal in Nacala (TEEN), which was later concessioned to a private company (NCL & Africa Import and Export Ltd) to operate. The purpose of the project is to unblock the Maritime international terminal which is completely overloaded. The two terminals operated simultaneously, providing the same services to exporters and importers until January 18, 2012, when the customs authority announced the mandatory use of the new terminal by exporters. Against this background, ACIANA (Commercial and Industrial Association of Nampula), representing the business community in the north of the country in general and exporters in particular, began a dialogue with the Provincial Government of Nampula discuss the mandatory use of TEEN, the absence of adequate working conditions required for an export port terminal, and the cost and time lapses associated with using it.

**This year:** To assess these concerns, SPEED visited the terminal, met with key stakeholders (Tax Authority, terminal operator, exporters, the private sector association based in Nampula) and drafted a note. The note points out that demand for port terminal services will increase continuously in the coming years, mainly due to the expected growth of natural resource exports. The Nacala Port could be the main port used to export coal and other minerals from the center and north of the country. Also, in theory the new terminal could reduce the volume of cargo cleared in the old terminal and introduce efficiencies as it concentrates all relevant government services in one place. However, in reality, the impact on the ground deviates significantly from the

theoretical assumptions, since the new terminal made the export process even more time consuming and expensive, thus reducing the competitiveness of national exports. If these increases in time and costs were taken into account in the DB 2012 exercise, the country's ranking could drop 15 positions. To address these problems, SPEED recommends a review of the legal framework to ensure competition among terminal operators. The findings and recommendations, shared with ACIANA, fed all policy dialogue between private sector and Provincial Government about this specific issue.

**Results.** Preliminary results range from the reduction of the fees charged by the terminal operator by 10%, to improvements in the terminal facilities. Even though there hasn't been significant improvement in the terminal efficiency, it was possible to double the number of days users can leave their merchandize in the terminal warehouse while waiting for customs clearance.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
24	Port Terminal Regulation	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4
31	Port Terminal Administrative procedures	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4

**Next steps.** Continue the dialogue with the Central Government toward further reducing the fees. The private sector advocates that fees should decline by about 20%. This is only possible through amending the Ministerial Decree that approved the allowable minimum and maximum fees.

## Institutional support to CTA

**Context.** CTA is the primary private sector counterpart that advocates for policy change with Government. It has received institutional capacity building support from USAID over the past decade and is a key SPEED partner. To strengthen the quality of services provided to its membership, SPEED recruited two staff members for the organization – the Executive Director and a Policy Analyst. With this additional staff, CTA will be more effective in engaging the government in policy dialogue on behalf of the private sector.

**This year.** The Executive Director, Gabriel Machado, began working with CTA in June 2012, when he began working on assessing the overall internal organization of CTA's Executive Directorate in preparation for the Extended Consultation Council (CAC) with the Prime Minister and the General Assembly of the CTA, as well as the daily management of the institution.

Hipolito Hamela, Senior Advisor, wrote the CTA 2011 Annual report for the June General Assembly; helped identify the 27 priorities for the CTA Policy Matrix, including a number of priorities for the Agriculture working group that drew from the Senior Advisor's previous work; created a joint committee between CTA and the Tax Authority to implement recommendations

from the [VAT in Agriculture study](#); and designed the scope of work for a study on tax payments in Mozambique.

With SPEED Team support, CTA also began preparing the next CAC and CASP (Private Sector Annual Conference) which will be held sometime in late 2012 or during the first quarter of 2013. The preparation includes designing the agenda, identifying main issues to be discussed, finding speakers for the issues to be discussed and finalizing several studies on different taxes topics such as the Number of Tax Payments, Non-Fiscal Barriers to Agriculture and Open Skies.

**Results.** Over the year, CTA achieved the following:

- An agreement with MIC about a model for public-private sector dialogue, which awaits the approval of the Council of Ministers;
- Improvements in internal organization of the Executive Steering Committee, for instance (i) quarterly, monthly and weekly plans for different work units, and (ii) weekly meetings of the management team and the different work units;
- Approval of 27 reform priorities that were presented to the Prime Minister at the CAC, which establishes a clear agenda for 2012-2013 with a policy matrix approved by both Government and CTA. This process established an improved climate for further dialogue; and
- Approval of the 2011 Annual Report and Accounts as well as the 2012 Workplan by the CTA General Assembly.

**Next steps.** CTA management intends to implement the following initiatives over the next quarter: a) conduct an in-depth evaluation of the internal organization and external relations through the realization of team building and executive retreats with the executive team, the Board and the provincial teams, with a view to reorganization and strengthening of organizational/ institutional capacity; b) strengthen the process of dialogue between the CTA and Government to ensure concrete results before the next CAC and the Annual Conference of the Private Sector (scheduled for October and November respectively); and c) realize visits to provinces and organize the electoral process for the Business Provincial Councils (CEP's).

On the program side, CTA proposes to complete SOWs and undertake the following initiatives in collaboration with SPEED: Electricity Law study, non- fiscal barriers to agriculture study, and assessment of the Credit Bureau Regulation proposed by the Central Bank. Also, the Senior Advisor will identify other priorities within the CTA policy matrix that require further analysis and support.

## **Support to CCMUSA**

**Context.** Although American companies are increasingly attracted to Mozambique as an investment location, historically the country has lacked a dedicated organization to help orient them to opportunities. The United States-Mozambique Chamber of Commerce (CCMUSA) is an up and coming association in Mozambique and a key partner with the U.S. Embassy in organizing events such as the US/Mozambique Business Conference held in April 2012 (see below). CCMUSA had not yet pursued the steps necessary for accreditation with the Chamber of Commerce in Washington, D.C..



**This year.** In late 2011, SPEED worked with the American embassy and the American-Mozambique Chamber of Commerce (CCMUSA) to prepare CCMUSA's accreditation application to the American Chamber of Commerce. This work entailed preparing and consolidating bylaws, membership lists, activity programs and financial statements.

**Results.** In June 2012, CCMUSA was recognized as the ninth officially recognized American Chamber of Commerce (Amcham) affiliate in sub-Saharan Africa.

**Next steps.** None.

## **CACM Grant to introduce informal arbitration**

**Context.** In recent years, the number of conflicts between companies has increased, as have the time and expense to resolve business disputes and enforcement of commercial contracts. These trends represent a major barrier to development, sustainability and competitiveness in business. The Center for Arbitration, Conciliation and Mediation (CACM) is a nonprofit institution under the aegis of the CTA, formed to encourage and provide access to alternative and appropriate mechanisms for resolving disputes. Dispute resolution systems provide a better solution to businesspeople since they are rapid, economical and fair. SPEED agreed to provide a grant to CACM to implement the following activities:

- Resolution of conflicts
- Prevention of conflicts
- Training of mediators and arbitrators
- Providing public information on alternative mechanisms for conflict resolution
- Expanding the culture of arbitration to other geographic areas and activities
- Connecting with other regional and international forums of mediation and arbitration.

**This year.** SPEED's grant was disbursed during the year in the amount of \$92,409.59

**Results.** Across the country, alternative methods of conflict resolution in areas such as employment negotiations were made available for the first time. The number of reported cases increased, and two new processes with applications for arbitration ended with agreements between the parties. These included a screening process for arbitrators and a screening process for the two parties as well.

**Next steps.** Continue to support the CACM in its activities and to help find viable alternatives to make the organization financially sustainable.

## **Support to Tiri Pamodzi**

**Context.** Tiri Pamodzi is a new foundation targeting private sector development, women's empowerment in business, youth entrepreneurship and the impact of HIV/AIDS on business. SPEED support to Tiri Pamodzi has two components. The first component entails technical assistance aimed at helping Tiri Pamodzi prepare its business plan and accompanying resource mobilization plan. The second component comprises a SPEED grant to acquire basic office



equipment, thus enabling the foundation to implement its business plan and objectives, as well assist Tiri Pamodzi develop its training center.

**This year.** A consultant hired by SPEED presented the Strategic Plan and implementation of the program which was approved by the client. SPEED also delivered \$26,720 worth of equipment to Tiri Pamodzi this year.

**Results.** Tiri Pamodzi's improved business plan should enable it to intensify its impact and better fulfill its mission.

**Next steps.** SPEED will conduct a final review of the business plan during a meeting with Tiri Pamodzi. Tiri Pamodzi sent a request to SPEED for development of its training center – one of the priorities set in its Strategic Plan. USAID/SPEED will evaluate the possibility of supporting this second request from Tiri Pamodzi.

## INAE HR capacity-building assistance

**Context.** One of the major concerns raised by the private sector is the burden caused by uncoordinated and non-transparent inspections carried out by public institutions. To address it, in 2009 the GoM created the National Inspectorate for Economic Activities – INAE (Decree No. 46/2009 of August 17) combining nine different inspectorates from various ministries. As a joint government, private sector and G19 priority, the effectiveness of the new institution was monitored through the Performance Assessment Framework under the Programmatic Aid Partnership.

**This year.** To enable INAE to effectively start up its activities and ensure coordinated and transparent inspections to private sector, SPEED developed a comprehensive human resources management system for INAE. This new human resources management system includes both career and salary profiles along with a performance assessment framework.

**Results.** These management tools were approved by the Government (Minister of Public Function and Minister of Industry and Commerce) and are currently being implemented.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
16	INAE Human Resources System	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q2
			5. Implementation begun	Q3

**Next steps.** None.

## TPM HR capacity-building assistance

**Context.** In 2011, the GoM adopted measures aiming at offsetting expected price increases due to the combined effect of eliminating domestic subsidies in fuel and wheat/bread and increases in world prices for basic foodstuffs. The measures, known as “*medidas*”, included a subsidy on transport for workers, students and the elderly. At that time, SPEED fed the advocacy work (led by civil society and privates sector organizations) with several notes looking into implementation issues and potential successes and/or failures.

**This year.** As a follow up to the *medidas* work, SPEED developed the human resources management system for the Maputo public transport system. The work comprised: (i) diagnosis of the current situation of human resource management to identify the main strengths and weaknesses, constraints and opportunities; (ii) development of a new career model that includes a staff development strategy; (iii) definition, by regulation, of basic rules for the high level staff; (iv) and the salary matrix under the formulation of the new salary policy.

**Results.** The [final report](#) was submitted to and approved by the board of TPM.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
32	TPM Human Resources System	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3

**Next steps.** None.

## Agriculture

With  $\frac{3}{4}$  of the population dependent on agriculture for their livelihoods, there is a consensus both globally and within the country that the private sector needs to play a leading role in developing agriculture. SPEED’s activities to support the competitiveness of agriculture in Mozambique center upon direct support to the Ministry of Agriculture’s **Senior Economic Advisor** to the Minister, whose primary responsibility is to develop the Agriculture Investment Plan. The Senior Economic Advisor is also a key player in raising Mozambique’s profile, together with the Minister of Agriculture, in such important initiatives as the **G8 New Alliance for Food Security in Africa**. In addition, SPEED supports **targeted activities** that have been specifically identified by the private sector, such as the work on the impact of various taxes on the sector.

## Recommendations on taxes in agriculture

**Context.** Mozambique’s agricultural production reaches about one-quarter of GDP, while it incorporates three-quarters of the population. Yields are low and stagnated for over 30 years. Poverty reduction has also stagnated since 2002-03, despite overall economic growth averaging

per year about 7 percent in the last 15 years. The country is determined to overcome this situation. To achieve this desire the Government has approved several incentives for the agriculture sector including livestock and forestry which include VAT exemption for the first transactions, 80% reduction on the Corporate Income Tax, 50% reduction on the excise tax paid on fuel, duties and VAT exemptions on the imports of equipment, and spare parts for this sector, VAT exemption on several inputs among other incentives. However, discussions with the private sector and other stakeholders have revealed a sense that these tax benefits do not protect domestic production and could even be hurting it.

**This year.** At the request of CTA, SPEED embarked on producing analytical work to identify how and when VAT exemptions and zero-tax were being applied. SPEED further examined the implications for production and the business environment. A [first paper](#), published by SPEED in March 2012 found that implementation of VAT policy prevented companies to recover VAT payments on their inputs and, consequently, these VAT payments add to costs. For the vast majority of agriculture companies and products, VAT is operating as a regular sales tax and not as a tax on the final consumer as it should be by definition.

Building on this earlier work, together with CTA, SPEED commissioned a new study to:

- (i) investigate if VAT application stimulates or thwarts locally-produced agricultural goods,
- (ii) determine if discrimination or impediments to VAT operation exist, (iii) develop a survey of similar countries' experiences with respect to VAT application and best practices, and (iv) propose recommendations on policies that will improve the efficiency of VAT in agriculture in terms of stimulating domestically-produced goods and the overall objective of tax revenue mobilization. A draft has been produced and is [published on the SPEED website](#) in English and Portuguese.

Based on these two studies, a joint task force was created comprising the CTA's Agribusiness Committee, a group of 14 Tax Authority senior officials and a number of MINAG (Ministry of Agriculture) senior officials to discuss how to implement some of the recommendations. The task force discussions concentrated on two important issues. The first one was to enable companies to purchase agriculture produce from smallholders who cannot issue receipts. Companies without purchasing receipts could not prove to the TA that they had bought agriculture goods from the smallholders and these costs had to be instead deducted from their profits and not counted as costs; companies were threatening to stop purchasing from the smallholders if the situation was not rapidly changed. Resolving this issue was pivotal and had to enable companies to continue purchasing the surpluses from the smallholder farmers; a key policy to ensure the small farmers could still have access to a market and income. Without this possibility and imports beginning to be cheaper, smallholder farming could disappear. SPEED estimates that cost savings to the private sector could equal several million US dollars per year for this relatively simple reform alone.

An additional important finding of this study is that there are a few non-tax barriers to agriculture. This is detailed below.

**Results.** SPEED's research finds that not only does the VAT regime need changes, but also the government will likely need to re-think its policy on universal taxation via such instruments as the ISPC (Simplified Tax for Small Taxpayers). The report recommends a number of tactical administrative procedure reforms and more fundamental regulatory / policy reforms. Once the findings of the current draft are fully disseminated and agreed, it is expected that authorities will put in place corrective measures to simplify VAT and other tax collection procedures in

agriculture. Some taxes may also need to be eliminated while VAT thresholds might need to be increased. The Tax Authority is open to the dialogue and to make the necessary changes to fix the problems found by the studies. However, most of the changes require changes to the VAT Code , Corporate Income Tax Law and the Individual Income Tax Law, meaning that these reforms will need to be approved by Parliament. As such, the results will likely materialize in calendar year 2013.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
22	Tax regulation in agriculture	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
23	Administrative procedures for tax registration and VAT code	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4

**Next steps.** A joint workshop with the Tax Authority and CTA will be held to disseminate the findings of the most recent study, while simultaneously working with the Tax Authority to ensure that reforms are implemented over the next several months.

## Non-Fiscal Barriers to Agriculture

**Context.** During the course of the two tax-related assessments (see above), SPEED interviewers reported many other problems facing the agriculture sector beyond tax issues. To delve further into this issue, SPEED was requested by CTA to identify those other problems and come out with key recommendations to overcome them.

**This Year.** CTA and SPEED prepared the SOW for the study and identified a consultant to perform the work. Contracting is in progress and most of the work should be done by year-end 2012.

**Results.** None yet.

**Next steps.** Contract consultant, complete study.

## Development of agriculture investment plan

**Context.** In May 2011 the GOM approved the Strategic Policy for Agriculture Sector Development (PEDSA). Subsequently, in December 2011 the government, with development partners, signed the CAADP Compact. To operationalize the above initiatives, in January 2012 the GOM launched the preparation of the Agriculture Sector National Investment Plan (PNISA). USAID was asked for assistance and SPEED provided a senior economic advisor to coordinate the

process. Under the senior economic advisor's coordination and with FAO's methodological guidance a technical team started working in February 2012.

**This year.** The team prepared sectoral investment proposals which are now being put together by a senior national consultant hired by Michigan State University (MSU). The technical team was responsible for drafting the ToR and conducting the consultant's selection process. The first draft of PNISA was completed and presented for comments in a stakeholder's workshop in August 2012 (see capacity-building section below for more details). Other rounds of consultative meetings were held with the donor AgRed working group and with Ministry of Planning and Development.

**Results.** Under the investment plan, Mozambique expects to mobilize around three billion US-dollars for a period of five years. The investment plan is an important instrument that will set priorities and guide public and private investments over the next five years. The investment plan has been completed and it is being sent for review by NEPAD and the stakeholders. Development partners are conditioning their sector support to agriculture on the conclusion of this instrument.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
25	Agriculture Investment Plan	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4

**Next steps.** The next steps will be: a) to submit the PNISA final draft for approval by the Council of Ministers late November; b) conclude the to the NEPAD and African Union (AU) independent technical review; and c) to organize a business meeting for resource mobilization early December.

Through the senior economic advisor SPEED will continue playing a critical role in resources mobilization and facilitating the communication between MINAG and PNISA donors and private investors.

## Grow Africa / New Alliance for Food Security in Africa

**Context.** Following on the CAADP Compact's efforts, in 2010 the African Union, NEPAD and the World Economic Forum launched the "New Vision for African Agriculture"– also known as "Grow Africa" – aimed at boosting private investment to develop and transform African agriculture and fight against food insecurity and poverty on the continent. The group of the world's eight most industrialized countries (G8) also launched the New Alliance for Food Security and Nutrition in Africa in May 2012.

Mozambique and seven other African countries are pilot countries to be supported under Grow Africa. Beneficiary countries prepared and presented concrete business and investment opportunities that were showcased at the Grow Africa investment conference in Addis Ababa, Ethiopia in May 2012. Beneficiary countries are also required to set up a follow up mechanism with companies that have shown interest in investing in these countries.

With regard to the G8 New Alliance for Food Security and Nutrition, Mozambique and six other African countries are considered “vanguard countries” to benefit from this initiative.

This initiative requires countries to commit themselves to improving the business environment through implementation of an agreed set of policy reforms. The G8 countries undertake to provide financial support and to mobilize international private investment. The private sector is expected to make investment commitments in the agriculture sector in partner African countries. USAID and JICA are the coordinating partners for Mozambique in this process.

**This year.** SPEED organized an Agriculture Forum as part of the preparation for the Grow Africa event. Through the senior economic advisor, SPEED provided the necessary support to the Minister of Agriculture, including working with a specialized company to prepare the Mozambique delegation for participation in the Grow Africa event, which turned out to be a very successful economic diplomacy exercise. 155 participants attended the Agriculture Forum, including members of the international and Mozambican private sector, government, and donor community.

The senior economic advisor was also appointed the focal point for the New Alliance for Food Security, together with the heads of CEPAGRI and Zambezi Valley Development Authority. His responsibilities include negotiating the policy matrix and facilitating dialogue between the Ministry and G8 partners for the development of the Framework Cooperation Agreement which was adopted in September 2012 in New York.

A Steering Committee comprising representatives from Ministry of Agriculture, Rio Tinto, AgDevco, and PB has been set for the initiative. The SPEED sponsored senior economic advisor has been appointed as member of the Steering Committee in representation of MoA. The first meeting of the Committee was held end /September to kick start the activities of the Initiative.

**Results.** Mozambique expects to mobilize over one billion dollars for the agriculture sector from the New Alliance for Food Security initiative. The private sector is contributing significantly. So far seven companies have issued letters of intent and four have registered as legal entities in Mozambique with investment and corporate social responsibility initiatives in the agriculture sector. For example, Cargill has opened a representation office in Mozambique and has named a Country Operations Director. Along with this decision, the company has allocated \$1.35 million budget for corporate social responsibility projects to support smallholder farmers. In addition, Rio Tinto pledged to sign a Memorandum of Understanding with international partners and the GOM to support agricultural development in the Tete Province and surrounding areas, and to promote procurement of locally produced agricultural products for the mining companies. An initial budget of GBP 250,000 has been pledged.

It is worth noting that under the Cooperation Framework Mozambique was able to mobilize USD 333 million from the G8 countries and over USD 500 million in pledges from 16 national and multinational companies.

**Next steps.** Several working groups and a steering committee have been put in place, and the SPEED-sponsored senior economic advisor plays an important role as a member of the working groups and the steering committee, ensuring linkages between the Minister, the groups and the steering committee. After the adoption of the Cooperation framework over the next few months, it

will be critical to closely follow-up how partners are delivering on their promises. The MOA, together with other ministries and stakeholders, have to agree on implementation mechanisms and a monitoring and evaluation plan for the New Alliance.

In addition, as result of the good relationship built between the Government of Mozambique (GoM) and US Government in the Grow Africa and New Alliance process, the United States Department of State has requested Mozambique to host the AFSI meeting in Maputo, from 5-6 of December 2012. The MoA is the counterpart institution within the GoM and the SPEED sponsored economic advisor is one of the national focal points. This meeting is expected to bring together more than 150 participants drawn from governments of the G8 countries, African governments, private sector just to mention but a few.

## Support to World Bank Development Policy Operation

**Context.** This World Bank operation provides budget support to Mozambique in exchange for improvements in the legal and policy framework in agriculture and fisheries. Under this initiative, the Bank is expected to provide two loans of \$50 million and \$100 million over a period of three years starting in 2013.

**This year.** The senior economic advisor has been asked to be part of the MoA negotiating team, ensuring that this initiative is well aligned with the PNISA objectives and investment priorities. In addition, the SPEED team supported the review of the policy matrix more broadly.

**Results.** This initiative offers USAID/SPEED the opportunity to greatly increase the probability of reform implementation by leveraging the World Bank's resources and negotiating power.

**Next steps.** Complete inputs on the policy matrix and reach a consensus with the Bank.

## Updated land manual

**Context.** The process for obtaining land in Mozambique is complex and not readily accessible to investors, especially in rural areas. The legal framework combines elements from a number of different entities and laws, regulations, and administrative procedures. Increased transparency on how to obtain land empowers citizens and companies to ensure that correct procedures are followed.

ACIS is a Mozambican association representing over 300 companies throughout the country. The members are from diverse sectors of the Mozambican economy, including mining, hydrocarbons, agriculture, transport and logistics, telecom and forestry. SPEED has been asked to revise the land manual, a tool for companies to understand the legal and regulatory system concerning land purchasing and ownership rights.

**This year.** SPEED's work with Sal & Caldeira on updating the ACIS legal framework manual on land was completed during the year. The [manual](#) has been produced in English and Portuguese and approved by the National Directorate for Land and Forestry (DNFTF).



**Results.** Investors will be protected using the land manual to ensure their rights over land and the returns of the private investment may flow back to investors. The manual helps ensure private sector awareness of the law and that the rights over such land are legally obtained. It also helps minimize opportunities for petty corruption by empowering entrepreneurs with information and instructions on the appropriate legal framework.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
30	Land administrative procedures	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			5. Implementation begun	Q3

**Next steps.** SPEED plans hopes to coordinate with ACIS and S&C to conduct a workshop and training of trainers to disseminate the information for the private sector and civil society, both in Maputo and more critically in the provinces.

## Guide to district agriculture commercialization associations

**Context.** In Mozambique, commercial agriculture represents the pathway out of poverty for a large proportion of the population. To attain success in commercial agriculture, associations among relatively small farmers will be necessary. To this end, the Ministry of Trade and Industry requested that SPEED help design a Guide for District Agriculture Commercialization Associations.

**This year.** SPEED produced the guide, which uses AGEKOM as a base. AGEKOM is the district agricultural commercial association in Mulange district on which SPEED conducted an assessment and provided capacity-building support earlier in the year. The guide lays out steps for enterprises to create agricultural commercialization associations in districts throughout Mozambique. The draft guide was completed for presentation at the *Conselho Coordenador* of the Ministry of Industry and Trade.

**Results.** The *Conselho Coordenador* accepted the guide as is, and it is currently being implemented.

**Next steps.** None.

## MOA capacity-building (Senior Advisor)

**Context.** The Ministry of Agriculture experienced a very high rotation in its leadership in last few years, which reflects the elevated expectations – mostly unfulfilled – about its contribution to poverty reduction and the fight against hunger in Mozambique. In fact, agriculture is one of the sectors accorded the highest priority in the Poverty Reduction Strategy. The newly appointed Minister, an agriculture expert, asked USAID to second a senior economist to serve as his advisor as a way to strengthen the capacity of MoA. SPEED was asked to provide one of its professionals to MoA in 2011.



**This year.** One of the main contributions of Luis Siteo, the SPEED sponsored senior economic advisor to the Minister of Agriculture has been the completion of the investment plan as well as the improvement of the MoA-donor relations, in particular the relationship with USAID. On the other hand the economic advisor was critical in the Grow Africa/ New Alliance process for Mozambique. He provided the necessary link between the Ministry and the G8 coordinating countries (USA and Japan) and with the corporations participating in the New Alliance.

**Results.** Mozambique has made great progress in several international initiatives thanks to the contribution of the SPEED Senior Advisor. In addition, feedback from the Minister indicates that Mr. Siteo has become a highly trusted advisor, who has accompanied him to several high-profile international events.

**Next Steps.** The implementation of the Investment Plan and of the Cooperation Framework will require a close follow up by the MoA. SPEED will continue supporting these activities through the senior economic advisor.

## *Tourism and Biodiversity*

SPEED's work in tourism and biodiversity focuses on helping Mozambique to realize its potential competitiveness in the sector. Tourism is widely seen as one of the most effective ways of preserving biodiversity, as market forces all pull in the same direction – consumers and providers all have an interest in preserving the natural environment and ensuring sustainable use of natural resources. In addition, tourism tends to be labor-intensive, thus providing opportunities for broad-based economic growth as well as biodiversity. The majority of SPEED's effort helps ensure a private-sector friendly **legal and regulatory regime**. Examples of legal and regulatory work include an examination of competition in aviation (Open Skies initiative) and a review of the standard-setting law for tourism facilities. In addition to these policy-related activities, SPEED actively promotes innovative **public-private partnerships** to address key constraints to tourism development. The Arco Norte Tourism Development Corporation project presents an example.

### **Open Skies initiative**

**Context.** There is a worldwide trend for countries to reduce government interference and regulation in commercial flight services and open the sector to competition. Mozambique is moving towards liberalizing this market, but progress has been slow. CTA would like to better understand the impediments that may be causing this slow liberalization. Although a few attempts exist to look into the impact of liberalization on the air-transport market and synergies for development of tourism and other sectors, these studies remain too “high-level” and difficult to implement. CTA seeks concrete, specific recommendations to accelerate liberalization, highlighting the potential impact for growth in other sectors.

**This year.** SPEED prepared a scope of work (SOW) to identify specific recommendations for liberalization a team of consultants has been hired. The main objective is to engage relevant stakeholders in the arguments in favor of liberalization and prepare a policy paper on the need for opening competition and fair open trade in the air transport sector in Mozambique. The ultimate objective is to improve services and quality at cheaper and more competitive rates.

**Results.** None yet.

**Next steps.** The consultancy is on-going and a first draft report should be presented by end-October – an interim report was submitted to SPEED on 22 October 2012. The consultancy should be finalized towards the end of November 2012. After that, next steps may include issuing or amending legislation, training of staff and capacity building activities, among others still to be determined.

## **Arco Norte Tourism Development Corporation**

**Context.** From 2006-2010 USAID provided funding and technical assistance to the Government of Mozambique for the implementation of its [Arco Torte Tourism Development project](#), which was designed to develop and position Northern Mozambique as an emerging world class tourism destination. To assure project sustainability beyond donor assistance, two key elements were put in place. First, a Masterplan was created that sets out the framework for a planned, integrated and sustainable approach to creating a top notch tourism industry in Northern Mozambique. The second element was the incorporation of a Special Purpose, for-profit Tourism Development Company within the framework of a public/private partnership to oversee the implementation of the masterplan-- i.e. the Arco Norte Tourism Development Company (ANTDC). At this stage, the technical assistance is focused on working with key public sector institutions with non-performing land assets in the ZIT (tourism investment zones) to create and transfer their assets into a single Asset Holding Company that can joint venture with private sector to create the ANTDC.

The ANTDC project represents a major paradigm shift in Government policy and strategy. For the first time in Mozambique, the project establishes a framework for public/private partnership in which private sector, not the government, plays the lead role in financing tourism infrastructure and facilities development. It allows substantial non-performing landed assets of public sector entities in key tourism destinations to be leveraged for productive investment purposes. By creating and managing large expanses of contiguous land, the ANTDC eliminates fragmentation, creates land banks and provides easy access to developable land for investors. The ANTDC is also critical for providing the focused leadership required for coordinating the complex processes of attracting investments, negotiating with developers, concessioning and leasing land and commercial space, and developing and maintaining infrastructure, in Special Tourism Development Zones (Zonas de Interesse Turístico or ZITs) declared by Government.

**This year.** Meetings at both provincial and national levels helped educate and build consensus on the new PPP approach and the need for a Management Company for the Pemba ZIT, which will be capitalized with and hold public lands in the ZIT. They involved key public sector institutions including the Instituto Nacional do Turismo, Ministry of Culture, Ministry of Defense, Ministry of Education, Municipal Council of Pemba, Portos e Caminhos de Ferros de Moçambique, Radio Moçambique and Telecomunicações de Moçambique, all of who own lands in the Pemba ZIT (Promoter Group). A similar meeting was also held with the Chairman and Directors of Instituto de Gestão das Participações do Estado.

A Chartered Valuer carried out a rapid assessment and valuation of public assets in the Pemba ZIT. The Valuation Report has been completed and presented to the Promoter Group institutions as a basis for establishing the shareholding structure of as well as Government's contribution and participation in the ANTDC. Also an Investment Consultant was hired and a business plan including a financial and corporate structure as well as articles of incorporation (Estatutos) have

been prepared to guide the incorporation and operations of the ANTDC and presented to the Promoter Group for approval.

Meetings have been held with the IFC and with a number of private sector companies including Teixeira Duarte Engenharia e Construções (Moçambique) Limitada on their possible participation in the ANTDC and provision of infrastructure financing. Within this framework a strategy for raising requisite infrastructure financing for asphaltting of 10km of existing roads; construction of 15km of new roads; and a sewerage treatment plant for a population of 100,000 in Pemba has also been put in place.

Additional legislation and policy measures required to eliminate existing policy and legislative gap, critical to the effective implementation and operationalization of the ZITs, have been identified. This include secondary legislation to: (i) harmonize existing planning legislation at the local level with the ZIT law; and (ii) synchronize the role of the Municipal Assembly and other Government agencies with that of INATUR as the designated management authority for the ZIT.

**Results.** The consensus achieved on the concept of the Management Company, which will also hold public assets in the ZIT and the approval and support provided by the various public sector institutions for the valuation of their respective assets in the Pemba ZIT, mark major milestones in the project. These agreements are key for evolving and implementing administrative procedures that give full effect to enforcement of Council of Ministers Decree No. 77/2009 of 15 December 2009, approving the framework for the declaration of Special Tourism Development Zones across the country; and Decree No. 72/2010 of December 31<sup>st</sup> 2010, which formally declared parts of the City of Pemba and nearby areas as Special Tourism Development Zones.

More broadly, when the ANTDC is finally achieved, it will immensely improve the business environment in Pemba; it will lead to investments, jobs and improved incomes; the attainment of strategic goals of the original Projecto Arco Norte including natural resource conservation and historic preservation that protects and reduces pressure on key national assets i.e. ecosystems, historic and cultural sites.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
29	Tourism development policy	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4

**Next steps.** Key next steps include (i) approval of valuation report, business plan and draft articles of incorporation of the ANTDC by respective public sector institutions; on this basis, (ii) the signing of a Shareholders' Memorandum; and (iii) incorporating the Arco Norte Tourism Development Company, to manage and operationalize the Pemba ZIT, as a pilot.

## Position paper on Tourism Decree

**Context.** One issue facing Mozambique's tourism sector is the lack of clear and internationally consistent quality standards for facilities. In August 2011, the government presented a draft

Tourism Decree (18/2007), and asked for a private sector opinion of the paper. Among other things, the Decree outlines the standards for rating hotels and other tourism facilities (e.g., three stars, four stars, etc.). Femotur, the Federation of Tourism Companies, asked for help from SPEED to facilitate the collection and aggregation of opinions from the private sector about the decree. With the findings of this report, Femotur will present the Ministry of Tourism with a comprehensive position paper that incorporates global and local trends.

**This year.** SPEED has contracted a consultant to collect and present the private sector's views on the Decree. The consultant held consultative meetings – both individual and in groups – with 120 private sector representatives from major tourist destinations (Gaza, Inhambane, Ponta do Ouro, Nampula, Pemba, Beira and Maputo City/Province). These tourism operators were often organized by local tourism associations, and participants were generally surprised and pleased to be consulted on such important regulations. For many, this exercise was the first time in many years they had an opportunity to express their views. Concerns ranged from the practicality of hygiene and comfort standards in rural areas to the need to harmonize with SADC standards.

**Results.** A comprehensive [position paper](#) reflecting the needs and concerns of the private sector is was completed and submitted to the government. The Inhambane tourism association (AHTPI) attracted 8 new members by virtue of their participation in this initiative.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
26	Tourism decree	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4

**Next steps.** None.

## Concessions on protected lands

**Context.** Almost 15% of Mozambique's land area is comprised of State owned National Parks and Reserves. Sustainable tourism concession models offer a major opportunity for private sector job creation in and around Mozambique's key protected areas. However, the elaboration of clear guidelines to develop sustainable tourism concessions is still in its initial phase. In March 2012, Mozambique hosted a conference on Innovative Concessions Partnerships for Tourism in Protected Areas by the IUCN World Commission on Protected Areas, which attracted 66 Mozambican and international participants.

**This year.** SPEED contracted two consultants to prepare for that conference, stocktaking of current practices in Mozambique and comparing that to best practices in other countries in the region such as South Africa, Namibia, and Botswana. In addition, SPEED's team contributed two major resources to tourism concession capacity building this year. First, building on inputs from the IUCN conference, a comprehensive [manual](#) was published in April 2012, which outlined the process for obtaining and operating a tourism concession in Mozambique National Parks and Reserves. Topics included a survey of key stakeholders in the sector, a review of the legal framework in Mozambique, and step-by-step processes for obtaining and implementing a tourism

concession. The manual then outlines environmental, economic, and social/cultural best practices for utilizing these concessions. The consultants also completed a [study](#) reviewing the state of tourism concessions in Mozambique and other countries in the region and advocating several specific policy reforms.

**Results.** None yet. If recommendations are followed, however, the GOM should improve its capacity to negotiate with businesses, standardized processes should be put in place, and clearer, more transparent concessions contracts should be drafted.

**Next steps.** INATUR has requested follow up support to a) translate the private sector manual into Portuguese; b) develop a companion manual for government officials; and c) support dissemination and capacity-building activities to ensure uptake of the manuals. A new Protected Areas system and legal regime for conservation areas is also anticipated, and SPEED expects that it will provide technical support based on these changes.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
14	Tourism and land procedures	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2

## *Democracy and Governance*

SPEED's work on democracy and governance this year has focused on improving transparency around such issues as the impending resource boom, increasing the voice of the private sector in policy, and improving corporate ethics. Specifically, this year SPEED has raised the quality and level of dialogue around the country's **resource boom**, an agenda item that will continue to grow in importance from the democracy and governance perspective. Other key areas of work include the development of a legal framework that would formalize public participation in the policy process and support to the Mozambique Institute of Directors (IOD) to develop a corporate code of ethics. Finally, **transparency** is an important area of focus, for instance via work with such organizations as EITI and the IOD.

### **Impact of the resource boom on the economy**

**Context.** The resource boom in Mozambique can have a positive strong impact on the country's prospects. However, experience around the world shows that only few countries in similar situations end up transforming these resources into a blessing. Often these resources do not generate sustained growth, improved well-being of the populations but rather accelerate corruption, cause the gradual disappearance of tradable sectors, produce high inflation and eventually trigger political turmoil. SPEED's work concentrated on the exchange rate, investigating the extent of appreciation today and in the future and whether signs of Dutch Disease and the resource curse were present in Mozambique. The resource curse is the number one story that will dominate Mozambique's political economy for the next half century.

**This year.** In late 2011, a SPEED-commissioned [study](#) confirmed that the real exchange rate in Mozambique has been appreciating since 1995. That study highlighted the key transmission

mechanisms of the impact of exchange rate shifts, as well as possible economic impacts of a real appreciation. In early November 2011, a [SPEED Note](#) outlined the developmental challenges posed by real appreciation of the metical in Mozambique. The Note stressed that an appreciating real exchange rate—as a result of enormous influx of foreign exchange from mineral resources revenues—will place great strains on the tradables sectors, competitiveness and long-term economic development. It advanced a few policy proposals to deal with currency appreciation, in particular, the establishment of a sovereign wealth fund.

A second [Note](#), also from November 2011, examined sovereign wealth funds in other countries as an instrument widely used to decelerate real appreciation, cope with constraints on domestic absorptive capacity, create space for structural changes and allow for inclusive development and poverty reduction. A new [study](#) to investigate whether Dutch Disease and other signs of the resource curse already exist in Mozambique was prepared in September 2012. This study includes policy recommendations and further work on sovereign wealth funds as a management instrument (as well as other tools the government might consider to manage the inflows of capital). A well-attended workshop where the study was presented and discussed took place in August. In addition, several stakeholders were consulted separately on the findings.

**Results.** SPEED’s exchange rate work has helped place currency appreciation on the agenda as a major policy issue in Mozambique. This work is expected to deepen understanding across stakeholders about the dangers of real appreciation of the exchange rate. Ultimately, if successful the work should spur policymakers to implement a sovereign wealth fund, augmented with a stabilization fund to protect against volatility in the commodities markets.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
27	Exchange rate policy - assessing the signs of the resource curse	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q4

**Next steps.** This work will form the foundation of a larger agenda SPEED plans to pursue around the impact of extractive industries on the Mozambican economy. Specific next steps include presenting and discussing the findings and recommendations of the current study on the existence of Dutch Disease signals in the economy; and expanding outreach and discussion on sovereign wealth funds to cement the understanding that they represent a superior instrument to alternatives. SPEED will also advance more specific proposals on sovereign and stability funds by analyzing the costs and benefits of various sovereign wealth and stabilization fund structures. SPEED will also work with other international partners that are active in this field.

## Sovereign wealth funds (SWFs)

**Context.** The Metical has been facing a real appreciation since 1995. As a result of the expected resource boom, it is forecasted that the Metical appreciation will accelerate in the long-run. This real appreciation will negatively impact the non-resource tradable sectors if their productivity does not increase faster than the rate of real appreciation. If this is not avoided, the country will likely fall into Dutch Disease and resource curse as has happened in many other cases. Dealing with the structural issues constraining productivity is pivotal, but it takes a focused reform agenda and



fruits can only be harvested in the medium and long-term. Decelerating the real appreciation of the Metical is central to the governance debate. Sovereign wealth funds (SWF) are a unique instrument that have helped countries in similar situations to slow down the real appreciation of their currencies creating the time to deal with structural issues and competitiveness which require long time for reforms to produce palpable results.

**This year.** Studying SWFs, their objectives, management systems and comparing them to other policy options was the objective of a [Note](#) prepared by SPEED. This note describes the different SWFs currently existing, their purposes and management systems. It emphasizes that all current SWFs are managed as independent agencies, report only to parliament, and the income generated are mostly used for public investment expenditure as opposed to recurrent expenditures. Norway is the exception as the fund covers the country's social security system. In all cases, government interference is minimal.

The importance of this Note is two-fold. In first place, it is impossible for central banks to accumulate reserves to the amount of current SWFs. Disproportionately large international reserves accumulated by central banks impose inflationary pressures in the economy even if sterilization is used. The exchange rate will continue to appreciate in real terms over the medium and large-term with the resource-curse looming fast and furious. The second issue is that, in the absence of SWFs, governments with weak absorption capacity accelerate spending with rapidly reducing quality and efficiency of expenditure and increasing corruption. Without the establishment of SWFs, there is an enormous risk posed to Mozambique's future.

**Results.** This note combined with related work has helped place the discussion of the resource curse and SWFs at the center of the policy debate. Two task-forces have been established to assist the discussion of the resource boom. One is being established by the government and mainly involves the Ministry of Finance, Ministry of Mineral Resources, Ministry of Planning and Development, and the Banco de Moçambique..The second taskforce encompasses the main international partners aiming at assisting the government on a coordinated manner among donors.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
13	Sovereign wealth fund policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q2

**Next steps.** The next steps should involve participation in the taskforces and broad communication on SWFs as basic knowledge is still very low and significant misunderstandings persist.

## Support to EITI-Mozambique

**Context:** Recent discoveries of enormous reserves of coal, gas and petroleum have led to sizeable inflows of investment in the extractive industry. Recognizing the importance of transparency of non-renewable resource mobilization and use, the government embarked on securing Mozambique's membership in the EITI (Extractive Industries Transparency Initiative). An EITI Secretariat was established, and the Ministry of Mineral Resources is leading, in partnership with stakeholders, the process to get Mozambique accepted as a member.

As part of the application process to the initiative, the EITI Secretariat initiated reports for 2008 and 2009 on the mineral sector. While both reports were seen as problematic, the 2009 report, prepared by Ernst & Young and funded by the World Bank Trust Fund, is a vast improvement.

**This year.** SPEED provided assistance to the Mozambique EITI Secretariat to produce 7,000 copies of a glossy booklet (in English and Portuguese) containing a summary of the report. The purpose of the booklet was to make the information from the 2<sup>nd</sup> Reconciliation Report more easily accessible to the public. This report compares declarations of payments made by companies in the extractive sector to receipts from government. In addition, 100 copies of the full report were produced. The distribution of the brochures is on-going; most are being distributed through workshops organized by EITI-Mozambique across the country.

**Results:** Mozambique was declared “EITI compliant” by the EITI Board on 26 October 2012.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
21	EIT policy	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q4

**Next steps:** SPEED will coordinate with other partners to explore other ways to support EITI in enhancing transparency, governance and management of non-renewable mineral resources in Mozambique.

## Corporate Code of Ethics

**Context.** SPEED supported the IOD (Institute of Directors) of Mozambique, a non-profit focused on improving Mozambique’s corporate governance, by financing the preparation and implementation of a Code of Corporate Governance in Mozambique. The code was passed at end of 2011 in a ceremony with the President of Mozambique. SPEED currently supports the drafting and announcement of its Code of Ethics proposal through a grant. The Code of Ethics is expected to be finalized before the year-end. The South African Institute of Corporate Ethics (EthicsSA) is supporting the drafting; they previously drafted South Africa Code of Ethics and are also assisting many African Countries to prepare corporate code of ethics.

**This year.** Several workshops were held to discuss and agree with stakeholders about what type of code they expect to have, the main principles that should drive the code, and basic guidelines to use for the code’s preparation.

As part of the process of building IOD’s capacity to develop the Code of Ethics, SPEED supported a team of three representatives from the Institute of Directors to attend the Second Conference of Ethics in Johannesburg. The purpose of their attendance was to enable IOD Mozambique team members to gain direct experience from the South Africa’s more mature and advanced business environment, thus feeding into the process of developing their own Code.



**Results.** IOD felt that attendance at the Ethics Conference was productive, as it gave them an understanding of how corporate governance can incorporate ethics effectively, as in the South African model. This experience will inform the drafting of the IOD's Code of Ethics, which IOD will launch in December 2012.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
15	Anti-corruption legislation	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q4

**Next steps.** The draft of the code should be made available by end-October 2012 and will be finalized and launched at end of 2012. Beyond completing the Code of Ethics as planned, no new assistance to IOD has been identified at this stage.

## Quelimane Municipal Audit

**Context.** The Mayor of Quelimane City, Manuel de Araujo, requested SPEED's support to carry out an audit of the Municipal accounts. The overall objective is to obtain a professional opinion of an independent auditor on financial and operational reporting, evaluate the internal control system and understand the use of municipal resources, in accordance with the government's rules on public finance management.

**This year.** Based on a full and transparent bidding process, a joint selection committee chose KPMG to undertake the audit. The selection was based on corporate track record, individual qualifications, methodology and cost. To ensure that the basic conditions are set up in the Municipality accounts, a pre-audit was conducted jointly by SPEED and KPMG. Currently, KPMG is conducting the audit and preliminary results are expected by the end of October.

**Results.** Although the audit is still underway and the results are not known, the Mayor has sent a strong message to the market and to his constituency that transparency is a key value that he plans to uphold.

**Next steps.** The KPMG team will complete the report by late October 2012, at which point implementation of recommendations will begin.

## Formalizing public participation in the policy process

**Context.** Currently, the process for incorporating the public's view in the policymaking process is largely ad hoc and unsatisfactory for the private sector and civil society. SPEED is working with the law firm SAL & Caldeira to create a more transparent and participatory system for policy development and improve the formulation of laws and regulations affecting the business

environment. This one-year activity involves forming a stakeholder group, analyzing the policy process, conducting consultations and drafting legislation.

**This year.** The stakeholder group was formed and consists of UTREL, UEM, Radio Moçambique, TVM, CTA and ACIS. S&C completed the preliminary report and moved on to begin drafting the law.

**Results.** Once approved, this legislation will greatly enhance the private sector's ability to influence public policy.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
17	Law for public role in policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q3

**Next steps.** S&C presented a draft law to CTA in mid-October, and upon receiving comments will launch a consultative process with the private sector, civil society and government to discuss the law.

## Economics training for journalists

**Context.** The media can have a powerful influence in shaping attitudes and informing (or misinforming) citizens about public policy issues. Given this power, SPEED prioritized this channel to convey key messages and recommendations to policy makers.

**This year:** In November 2011, SPEED organized an economics training for journalists in Bilene, Gaza Province. The aim was both to enhance the quality of economic, financial and business reporting in Mozambique and also to improve the role of media organizations in monitoring economic policy-making and the government's management of finances. Conducted by the Thomson Reuters Foundation, the training benefited directly 15 journalists from the main print, online, and broadcast media institutions based in Maputo, Beira and Nampula.

**Results.** The trained journalists are better equipped to report on economic issues, and they are now able to interact with thousands of journalists around the world through the Thomson Reuters Foundation network.

**Next steps.** None, as this function is now taken over by another USAID-funded program Mozambique Media Strengthening Program.

## CAPACITY BUILDING ACTIVITIES

In addition to the core technical work described in the previous section, SPEED also supports a wide range of capacity-building activities that enable key stakeholders to exchange knowledge and ideas. Capacity-building events completed over the year benefited a total of around 1,700 participants, including around 326 women (see Annex 1). This section briefly describes these activities and is organized according to the type of stakeholder involved, e.g., private sector / civil society and government.

### Private sector and civil society

**US/Mozambique Business Conference.** SPEED supported the U.S. Embassy in Mozambique in organizing the U.S./Mozambique Business Conference, held in April 2012. The conference brought together 318 participants, including American companies, as well as companies in the region, to learn about investment opportunities in Mozambique. The more than 150 companies represented were able to meet with local firms and government officials; more than 900 business-to-business “speed networking” meetings were arranged. Media coverage was extensive and complimentary with coverage on networks such as CNBC Africa. SPEED helped organize the conference and handled finances and website updates. Anecdotal evidence suggests that some companies finalized their decisions to invest in Mozambique based partly or primarily on their participation in the US/Mozambique “Let’s Do Business” conference. For instance, Cargill accelerated plans to invest more in Mozambique after this event and the Agriculture Forum that followed (see “Grow Africa / New Alliance for Food Security in Africa” below). Other companies such as Mithol Michoma, Flour, GE, ADM, and AGCO have made return visits to Mozambique, with the help of the U.S. Embassy. Along the same lines, The Business Year, an economic news service, decided to establish a presence in Mozambique based on the excitement and potential gleaned from the conference.

**Access Africa Forum in Portugal.** The Access Africa Forum was developed by the U.S. Embassy in Portugal in partnership with the American Chamber of Commerce in Portugal and the Luso-American Foundation (FLAD). The first conference took place in June 2010. This second conference focused on linking U.S. and Portuguese investors with Mozambique. Approximately 200 participants attended the forum. SPEED supported the participation of Henk Son, President of CCMUSA (AmCham Mozambique) in the conference. The Mozambican delegation conducted numerous networking sessions, strengthening business relations between the participating Portuguese and American companies and pinpointing business and investment opportunities in Mozambique.

**Biofund Mozambique.** The World Wildlife Federation (WWF) is supporting the development of a Biofund in Mozambique that will invest in biodiversity-related projects. They requested SPEED to sit on the review committee for pre-screening of potential fund managers. SPEED helped them to identify the top three firms, which were subsequently asked to submit formal proposals. SPEED also provided advice on the scoring matrix for the final proposals. The Biofund is one step closer to implementation. SPEED will sit on the review committee for the three final proposals received by the Biofund to help choose a fund manager.

**Commercial Code Translation.** Translation of Mozambique’s Commercial Code into English was requested by ACIS, a commerce and industry association in Mozambique. The Commercial Code is long – more than 500 articles - and parts of it had been translated previously and were available to the public, but the majority of the code was only available in Portuguese. Having the code in English is important to investors in order to better understand the business environment and reduce the risk of inadvertently violating the code. The translated Commercial Code is now available on both the SPEED and ACIS websites for downloading.

**Journalist Q&A.** SPEED carried out the first Journalist Question and Answer session during the quarter on “Challenges for the Mozambican Economy,” conducted by Antonio Franco. The objective was to enable the journalists to discuss the issue in depth with the author, something that is not possible when SPEED conducts large seminars and workshops. Three journalists attended this event. It is expected to have similar events on all significant topics being examined by SPEED.

**Africa Regional Doing Business conference.** SPEED joined the Mozambican participants attending the conference on “Doing Business Reform in Africa – A Peer to Peer Learning Experience”. The event, organized by the Botswana Ministry of Trade and Industry, World Bank Group and RMCE, took place in Gaborone, Botswana, from 28 to 30 March 2012 with the aim to enable Eastern and Southern African region’s leading and willing reformer countries to share their experience and learn ‘how to do it’ from peers on improving the business climate in their respective countries. The Mozambican team had participants from five organizations: CTA, IFC, MIC, GIZ and SPEED. Four Doing Business indicators were identified as the most challenging in the region: closing a business, enforcing contracts, getting credit and registering property. The conference enabled peer to peer learning on these indicators between Mozambique and other countries. The Conference in Botswana was the 3rd on this subject but the first that Mozambique attended. Despite this the Mozambican delegation was awarded as the most active and energetic delegation. Mozambique is considering a candidature for the 5th conference to be held in 2015.

**Anti-corruption Business Breakfast.** Previously, SPEED conducted a review of Mozambique’s package of new anticorruption legislation. This quarter SPEED supported the Institute of Directors in conducting a business breakfast to discuss the legislation which looks into what is corruption in the public and private sector, conflicts of interest in the civil service and public institutions, and codes of ethics for the civil service and all agencies of the public administration. The business breakfast explored the realm of corruption and anti-corruption action, and its relationship with the private sector and, most importantly, with senior officials in the corporate sector in Mozambique. Among its 35 participants, the business breakfast had as participants some of the CEOs and CFOs of the largest corporations currently in Mozambique.

## **Government**

**MIC Commodity Exchange retreat.** Commodity Exchanges have recently become a major focus of attention as an institutional innovation with great potential to improve the dependability, efficiency and transparency in the traditional marketing sector in Africa. Over the past five years a number of Commodity Exchanges were launched in Nigeria, Uganda, Ethiopia, Malawi and Zambia, and Mozambique has followed suit with efforts to establish a Commodity Exchange as well. SPEED funded a staff retreat involving 11 senior staff from different institutions, which produced a draft report to be presented to the Counsel of Ministers. The conference reflected a

high degree of consensus among participants on aspects of the name, concept, approach, process and project for the Commodity Exchange. A Concept Paper for the Commodity Exchange entered its second draft phase, and the legal instrument was proposed. The project also finalized a plan for the harmonization and communication with other institutions within both the Government and the private sector. In coming months, SPEED intends to help edit the Concept Paper and Proposal for a Legal Instrument of the Commodity Exchange. The project will also prepare a draft plan for integration with other institutions in the public and private sectors, and a draft to the Council of Ministers will be finalized.

**Support for Mozambique's AGOA participation.** The annual AGOA forum “Enhancing Africa’s Infrastructure for Trade” was held in June 2012 in Washington, D.C. The forum included high-level US Government officials and the opportunity also afforded African governments to meet with President Obama to hear about his special initiative for Sub-Saharan Africa to strengthen democratic institutions, increase economic growth, trade and investment, peace and security; and promote development opportunities. SPEED supported the participation of two MIC representatives. A number of policy proposals were extended to improve trade and investment between the US and African countries, with specific actions recommended for USAID, OPIC, EXIM-Bank, and others. At the same time, the African governments were urged to invest in infrastructure, transportation (especially aviation), public-private dialogue, and better and more electronic health services, among other initiatives. The Mozambican delegation felt that their presence was critical for improving their knowledge and eventual negotiating position vis a vis AGOA, and also enabled them to conduct several bilateral meetings to help attract investment to Mozambique and strengthen cooperation.

**US-Africa Agriculture Forum.** SPEED’s senior economic advisor supported the Deputy Minister of Agriculture in preparation and during his visit to Washington, DC, in June 2012 to participate in the Annual US-Africa Agriculture Forum organized by the Partnership to Cut Hunger and Poverty in Africa. Besides preparing the Deputy Minister’s presentation at the Forum, the senior economic advisor also facilitated a bilateral meeting with Mrs. Elizabeth Dunford, USAID Assistant Director for Food Security. At the meeting the parties discussed issues pertaining to the CAADP/PEDSA process in Mozambique and the G8 New Alliance for Food Security in Africa.

**London Roundtable.** SPEED’s senior economic advisor also assisted the Minister of Agriculture in preparing for and participating in the Agriculture and Transport and Communications Infrastructure Business and Investment Roundtable held in June 2012 in London. Attended by more than 20 international companies, the Roundtable was a success. Following the conference, MoA signed a MoU with Rio Tinto, DFID and BP to implement corporate social responsibility programs in the agriculture sector.

**Review of INGC strategy.** The National Institute for Disaster Management approached the SPEED project to conduct a review of a study done on a strategy for engaging the private sector in building climate change resilience in Mozambique. The study was long, complex and poorly organized and a specialist was needed to assure the content meet INGC’s needs. A SPEED consultant undertook a desk review and wrote a summary of the report and recommendations for revisions.

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
20	Review of the INGC strategy	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2

**IPEME Conselho Consultivo.** SPEED provided partial funding for the Institute for Small and Medium-sized Enterprises to hold their annual Consultative Council in Bilene. During the meeting, activities conducted during the previous year were assessed and an activity plan for the upcoming year was developed. SPEED expects to be working closely with IPEME as managers of a fund for financing SME development investments in Mozambique.

**Doing Business seminar/training in Bilene.** SPEED, in collaboration with Ministry of Industry and Commerce (MIC), Confederation of Business Associations (CTA) and International Finance Corporation (IFC), organized a workshop on Doing Business (DB), from December 12th to 14th in Bilene, Gaza Province. The initiative aimed at (i) explaining the way the World Bank Group computes the Doing Business ranking and how each country can move up or down, and (ii) drafting the 2012 Investment Environment Action Plan to be submitted to Council of Ministers for approval earlier January 2012. The target group of the workshop was the Inter-ministerial Group for the Removal of Barriers to Investment (GIRBI) comprised by 9 public institutions with direct responsibilities in the implementation of the Government Strategy for Improving the Business Environment (EMAN). In total, there were 38 people attending the event. Cesar Chaparo and Dana Omran, two IFC/Doing Business specialists based in Washington, were invited to explain how the ranking is computed and how a country can quickly improve on it. Their interventions comprised both legal indicators and time & motion indicators, namely, starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trade across borders, enforcing contract, employing workers, and resolving insolvency. Taking stock of these inputs, the recommendations prepared by SPEED (and TIP) to the Government of Mozambique over the years on how to improve the business environment, and the current stage of the implementation of the EMAN, the participants drafted the 2012 Investment Environment Action Plan which is divided into two parts: one focusing on the reforms with direct impact on Doing Business indicators that can be implemented in 2012, and the other comprising reforms to be implemented under the EMAN in 2012. The reforms with impact on Doing Business include, among others, the approval and implementation of the Insolvency Law, simplifying the process of getting construction permits, simplifying the process of registering property, creating a private credit bureau, streamlining the mechanisms for paying tax and easing the trade across borders.

**Food Prize 2011.** The Minister of Agriculture participated in October 2012 in the World Food Prize events in Des Moines, Iowa, and while in the United States conducted congressional briefings on CAADP and Feed the Future in Washington DC. SPEED was asked to provide assistance to the Minister during his visit to United States. This included facilitation of meetings with high level US government officials such as the Secretary of Agriculture and Deputy Assistant Secretary of State, along with several key USAID and USDA officials. SPEED assisted in preparing the Minister's presentations and talking notes for these bilateral meetings. Meetings with

business leaders and with key World Bank agriculture sector personnel to discuss World Bank agriculture country support were also facilitated.

**Fourth Tripartite Forum for Trade Negotiations.** This Forum took place in September 2012, with the objective of exchanging views on how to advance negotiations on liberalizing tariffs and lifting non-tariff barriers in Africa. Delegates from 23 African countries participated and Mozambique presided over the event this year. SPEED supported the participation of two officials from the Ministry of Trade and Industry, who also participated in technical working groups. All participating countries are expected to report on tariff information, trade, rules of origin being implemented, and other information in advance of the next meeting which will take place in December 2012.

**IPEX Conselho Consultivo.** SPEED provided funding for the Export Promotion Institute (IPEX) to conduct their annual consultation meetings at an off-site location in Bilene.

**MOA Investment Plan Workshop.** SPEED provided funding and logistical support to MOA for public consultation on the investment plan. This event provided feedback from the national stakeholders and the donor community to the PNISA technical team. This event was attended by 130 participants.

**New Alliance Policy Matrix Workshop.** As part of Mozambique's participation in the New Alliance for Food Security and Nutrition (see above), the GOM developed a Cooperation Framework and policy matrix of commitments it will make to participate in the program. This enabled the participants to agree on the matrix which form part of the Cooperation Framework between Mozambique and G8 countries and the participating private corporations. About 90 stakeholders, primarily from government and development partners, provided their input.



# MANAGEMENT AND ADMINISTRATION

## COP transition and other staff movements

In April 2012, Brigit Helms replaced Scott Simons, who retired. The two COPs enjoyed three weeks of overlap during which time they effected a smooth transition. In addition, Stelia Narotam left the SPEED project after several years of service between SPEED and the predecessor TIP project. She will be replaced by Tomas Manhicane, who was identified and vetted during the fiscal year but who will start in late October. SPEED welcomed Noe Dlate and Heitor Come to the operations, admin, and finance team, and Ascencia Joao joined for a three-month internship.

## IPEME local currency funds

**Context.** Mozambique's SME promotion institute, IPEME, received \$1.5 million from USAID in local currency funds generated from various USAID-funded activities in the past. The funds were disbursed to support a multi-year program of IPEME activities with SMEs. However IPEME's concerns about government management of the funds led them to ask SPEED to manage the funds on their behalf. SPEED drafted and signed an MOU with IPEME to outline objectives, roles and responsibilities, and as completed a parallel contract to receive and manage these funds.

**This year.** SPEED supported the first round of procurement for a paper trade fair. The International Exhibition of Packaging and Printing was also held this year, which supported the emergence of techniques and tools that meet the needs of small and medium enterprises to make their products more competitive.

USAID and SPEED met with the new head of IPEME. This meeting underlined the importance of a realistic workplan for the rest of this year and the potential for working with IPEME to advocate for policy change in favor of SMEs. Also SPEED is currently undertaking the procurement process for the following activities:

- Rehabilitation and equipping of Core Quelimane, Zambezia
- Establishment of SME Portal
- Preparation of feasibility studies of CTC Chokwe and Boane
- Preparation of Marketing Plan of IPEME

**Results.** The International Exhibition of Packaging and Printing was successfully organized. IPEME also submitted a comprehensive workplan for the rest of 2012.

**Next steps.** SPEED will work with IPEME to implement the current workplan and begin intensive support to improve their procurement processes.

## Grants manual

**Context.** The SPEED project Grants Manual, prepared in May 2011, was approved by USAID in November of that same year. The SPEED Grants program is intended to provide funding to Mozambican associations and NGOs to enable associations to better participate in the policy process for trade and investment oriented policies. Associations and NGOs will be encouraged to apply for grant funding in order to develop new policy proposals, analyze existing and proposed

policies, examine the implementation of policies, monitor the effects of policies and to advocate for policy change.

The SPEED Grants Manual has provisions for four types of grants to partners: In-Kind Grants, Fixed Obligation Grants, Simplified Grants and Standard Grants. The type of grant used will depend on the type of grant activity being proposed and the financial and management capability of the partner.

**This year.** SPEED has provided four grants: two In-Kind, one Standard Grant and one Simplified Grant. (see table below)

## USAID CDCS support

**Context.** The USAID Mission in Maputo is in the process of designing its five-year country strategy. The strategy process is quite comprehensive, covering several sectors. The Mission asked SPEED to prepare and execute scopes of work for assessments in two areas: land and extractive industries. In addition, SPEED will look at the best methods for communicating key messages to important stakeholders and policy-makers around the extractive industries topic.

**This year.** SPEED helped develop SOWs for the two areas and began identifying consultants to complete the work.

**Next steps.** The assessments will be completed by end-December 2012.

## SPEED strategy retreat

A one-day retreat in May 2012 brought together the core SPEED team and USAID colleagues focusing on economic growth, agriculture, tourism/biodiversity, and democracy and governance. The workshop had three objectives: 1) build the expanded SPEED team; 2) take stock of progress to date; and 3) align on criteria for moving forward. The team elaborated a vision of success that emphasizes an improved business environment, better competitiveness, and transparent and accountable mega-projects as the means to an end: **increased private sector investments that create jobs**. After evaluating SPEED's strengths and weaknesses and effectiveness of its current initiatives, the team converged on two central criteria for choosing activities going forward:

1) Impact:

- Does it support and complement better business environment, more investment and job creation?
- Impact on SMEs, can be clearly linked to results for labor-intensive industries (agriculture and tourism)

2) Client commitment:

- Committed client, ready and able to take the activity through and implement
- Work through and with private sector constituency that can/will own and advance results sustainably?
- Does it respond to a request from reform champion and build institutional capacity for advocacy?

## Activity tracking system

**Context.** Moving into its second year of operations, SPEED's demand-driven agenda became highly complex and required a better tracking system to serve as a more accurate and automated management tool for the project.

**This year.** SPEED adopted the DAI TAMIS system to more readily provide reports on ongoing activities and enable different data cuts – by instrument, by staff member, by category (agriculture, tourism, DG), etc. The new system also enables estimates of activity budgets, thus ensuring that SPEED does not over-commit its limited resources.

## Website upgrade

**Context:** SPEED's previous website was originally designed several years ago. It has served the program well but needed a redesign. The overall objective of the [new website](#) is to restructure a wealth of information in a way that helps quickly guide visitors to the content they seek. The site also has a new blogging feature that SPEED hopes to utilize as an important tool for disseminate information about its work.

**This year:** SPEED developed a new user-friendly website. The site has recently launched (soft) in late October 2012.

**Next steps:** The SPEED team will undergo training to use the site and continue to add new content to the website.

## ANNEX 1: CAPACITY-BUILDING ACTIVITIES AND OUTREACH

	Activity	Venue	Client		Participants		
			Institution	Category	M	F	Subtotal
FY 2012 Q1	Anti corruption legislation round table	Maputo		PS, CSO	21	8	29
	IPEME Annual Meeting	Bilene	IPEME	Gover. Inst.	15	15	30
	Metical appreciation seminar	Maputo	CTA	PS, CSO	55	15	70
	VAT in Agriculture in Quelimane	Quelimane	CTA/Zamb	PS, CSO	22	8	30
	Economic training of journalist	Bilene	MISA	PS, CSO	31	4	35
	Manica investors conference in Chimoio	Chimoio	Manica PG	Gover. Inst.	137	27	164
	Challenges to growth seminar	Maputo	AMECON	PS, CSO	52	13	65
	Municipality construction license seminar	Maputo	CMCM	Gover. Inst.	37	8	45
	Doing Business Retreat - Bilene	Bilene	GIRBI/MIC	Gover. Inst.	25	8	33
	Journalist - Q & A on challenges to growth	Maputo	MISA	PS, CSO	3	0	3
	Subtotal			PS, CSO	398	106	504
	Subtotal (cumulative)				398	106	504
FY 2012 Q2	Doing Business - Quelimane	Quelimane	CMCQ	Gover. Inst.	55	5	60
	Business breakfast	Maputo	IOD	PS, CSO	34	12	46
	VAT in Agriculture	Maputo	CTA	PS, CSO	65	19	84
	IPEX Annual Meeting	Bilene	IPEX	Gover. Inst.	27	13	40
	VAT in Agriculture in Nampula	Nampula	CTA/AgriFut.	PS, CSO	30	9	39
	Concession in Tourism	Maputo	IUCN	PS, CSO	44	22	66
	Subtotal				255	80	335
	Subtotal (cumulative)				653	186	839
	US/Moz Conference	Maputo	US.Emb/GOM	Gover. Inst.	296	22	318
	Agriculture roundtable	Maputo	MINAG	Gover. Inst.	130	25	155
FY 2012 Q3	SPEED Retreat	Cetembe	SPEED	PS, CSO	10	5	15
	Commodities Stock Exchange Retreat	Namaacha	MIC	Gover. Inst.	11	0	11
	Construction License meeting - Maputo	Maputo	CMCM	Gover. Inst.	13	2	15
	Quelimane Municipality workshop	Quelimane	CMCQ	Gover. Inst.	20	5	25
	Subtotal				480	59	539
	Subtotal (cumulative)				1133	245	1378
FY 2012 Q4	Regulamentop do Solo Urbano	Hotel Avenida	CMCM	Gover. Inst.	14	5	19
	Following up on the Taxation study	Tax Authority	CTA	PS, CSO	30	10	40
	Following up on the VAT study	Tax Authority	CTA	PS, CSO	15	10	25
	G8/New Alliance meeting	Hotel Avenida	MINAG	Gover. Inst.	23	3	26

PNISA workshop	Indy Village	MINAG	Gover. Inst.	85	42	127
Resource boom workshop	Indy Village	CTA	PS, CSO	79	11	90
Subtotal				256	81	327
Subtotal (cumulative)				1389	326	1705

## ANNEX 2: LIST OF DOCUMENTS PUBLISHED

SPEED Publications: Studies and Reports				
Date of Publication	Title	Author(s)	File link Portuguese/English	
15-Aug-12	2012 SPEED Report 009: Mozambique's Coming Natural Resource Boom	Tyler Biggs	Portuguese	English
30-Jul-12	2012 SPEED Report 008: Taxation in the Agricultural Sector in Mozambique	Jo Beth Mertens	Portuguese	English
15-Jul-12	2012 SPEED Report 007: Legal Framework on rural land Edition III	Sal & Caldeira	Portuguese	English
1-May-12	2012 SPEED Report 006: Review of Tourism Decree 18-2007	Iliasse Fakir	Portuguese	n/a
19-Apr-12	2012 SPEED Report 004: Tourism Concessions in Protected Areas in Mozambique	Dr. Anna Spenceley and Rita Casimiro	n/a	English
19-Apr-12	2012 SPEED Report 005: Tourism Concessions in Protected Areas in Mozambique: Manual for Operators and Concessionaires	Dr. Anna Spenceley and Rita Casimiro	n/a	English
16-Apr-12	2012 SPEED Report 003: The Construction Permit Process in Mozambique: Analysis and Recommendations	Arturo Samper	n/a	English
27-Mar-12	2012 SPEED Report 002: VAT in the Agriculture Sector in Mozambique	Hipólito Hamela	Portuguese	n/a
14-Feb-12	2012 SPEED Report 001: Overview and Analysis of Mozambique's Anti-corruption Legislative Package	Pedro Gomes Pereira and João Carlos Trindade	n/a	English
1-Nov-11	2011 SPEED Report 010: Impact of exchange rate fluctuations on the economy of Mozambique	Tyler Biggs	Portuguese	English

SPEED Publications: Notes and Briefs				
Date of Publication	Title	Author(s)	File link Portuguese/English	
30-Jul-12	2012 SPEED Note 001: Taxation in the Agricultural Sector in Mozambique	Jo Beth Mertens	Portuguese	n/a
14-Feb-12	2011 SPEED Note 016: Overview and Analysis of Mozambique's Anti-corruption Legislative Package	Pedro Gomes Pereira and João Carlos Trindade	n/a	English
6-Dec-11	2011 SPEED Note 014: Sovereign Wealth Funds: Are They Needed in Mozambique?	Antonio Franco	Portuguese	English
2-Nov-11	2011 SPEED Note 012: Challenges for the Mozambique's Economy	Antonio Franco	Portuguese	English



SPEED Publications: Presentations and Proceedings				
Date of Publication	Title	Author(s)	File link Portuguese/English	
15-Aug-12	2012 SPEED Presentation 002: Mozambique's Coming Natural Resource Boom	Tyler Biggs	Portuguese	English
1-Aug-12	2012 SPEED Presentation 001: Ease of Trading Across Borders in Mozambique	Rosario Marapusse	n/a	English
2-Nov-11	2011 SPEED Presentation 010: Challenges for the Mozambican Economy	Antonio Franco	Portuguese	n/a
1-Nov-11	2011 SPEED Presentation 009: Impact of Exchange Rates Fluctuations on the Economy of Mozambique	Tyler Biggs	Portuguese	English

SPEED Publications: Quarterly Reports				
Date of Publication	Title	Author(s)	File link Portuguese/English	
Jun-12	SPEED QR: April - June 2012		n/a	English
Mar-12	SPEED QR: January - March 2012		n/a	English
Dec-11	SPEED QR: September - December 2011		n/a	English

### ANNEX 3: PMP SUMMARY TABLE

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
8	Tourism Levy	Regulation	1. Analyzed	Q4
			2. Presented for consultation	Q4
9	Competition Law	Policy	4. Passed	Q2
10	Construction licenses procedures	Admin Procedures	2. Presented for consultation	Q1
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q4
11	Business environment annual strategy (PAMAN)	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q1
			3. Presented for legislation	Q2
			4. Passed	Q2
			5. Implementation begun	Q3
12	Exchange rate policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q1
13	Sovereign wealth fund policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q2
14	Tourism and land procedures	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q2
15	Anti-corruption legislation	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q4
16	INAE Human Resources System	Admin Procedures	1. Analyzed	Q1
			2. Presented for consultation	Q1
			3. Presented for legislation	Q1
			4. Passed	Q2
			5. Implementation begun	Q3
17	Law for public role in policy	Policy	1. Analyzed	Q1
			2. Presented for consultation	Q3
18	Tax policy in agriculture	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
19	Public private partnership regulations	Regulation	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q2
			4. Passed	Q4
20	Review of the INGC strategy	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
21	EIT policy	Policy	1. Analyzed	Q2
			2. Presented for consultation	Q2
			3. Presented for legislation	Q4
22	Tax regulation in agriculture	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
23	Administrative procedures for tax registration and VAT code	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4
24	Port Terminal Regulation	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4
25	Agriculture Investment Plan	Policy	1. Analyzed	Q4
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
26	Tourism decree	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
27	Exchange rate policy - assessing the signs of the resource course	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q4
28	Construction permits procedures in Quelimane	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
29	Tourism development policy	Policy	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4

PMP #	PMP Name	Legal Instrument	Stages Achieved this year	When Achieved
30	Land administrative procedures	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q3
			5. Implementation begun	Q3
31	Port Terminal Administrative procedures	Admin Procedures	1. Analyzed	Q3
			2. Presented for consultation	Q4
			3. Presented for legislation	Q4
			4. Passed	Q4
			5. Implementation begun	Q4
32	TPM Human Resources System	Admin Procedures	1. Analyzed	Q2
			2. Presented for consultation	Q3
			3. Presented for legislation	Q3
			4. Passed	Q3
			5. Implementation begun	Q3
34	Credit bureau regulation	Regulation	1. Analyzed	Q3
			2. Presented for consultation	Q3
			3. Presented for legislation	Q4